

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50805</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>CERTIFICATION</b>
Function No. 50800—Payroll Certification	<b>DATE</b>	October 2004

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## Overview

### Introduction

Given the importance employees place on the accuracy of their paychecks, if paychecks are not correct, employee morale can be damaged, which can affect agency performance. Additionally, payroll expenditures account for a major portion of every agency's budget. If agency internal controls over payroll disbursements are not stringent or if management is not vigilant, material incorrect or improper payments can occur. For these and many other reasons, adequate safeguards must be put in place to control payroll disbursements.

The most important safeguard over payroll disbursements is the certification process. It is essential that agencies develop and apply consistent policies and procedures to control payroll certification. This topic provides a high level overview of the certification process and how this important function should work in your agency's day-to-day operations.

### Certification Process Summary

The payroll certification process involves multiple steps that help ensure complete and accurate payrolls. These steps will help to reduce the risk of:

- Unauthorized data entry of information into CIPPS.
- Incomplete review of source documentation, reports, and payments.
- Late, missing, incorrect, or unauthorized payments.
- Incorrect or late reporting of information to federal or state authorities.

The steps summarized in the following table are detailed in the 50800 series of CAPP topics.

Step	Action	Description
1	<b>Data Entry into CIPPS</b>	Payroll processors collect source documents and enter the information into CIPPS. This data entry generates certain automatic reports, which must be reviewed before certification to ensure accurate and authorized data entry.
2	<b>Edit Report 10/Scrub</b>	Agencies must request, at least once prior to certification, an Edit Report 10 (sometimes known as a "scrub"). The Edit Report 10 generally lists all employees scheduled to be paid in alphabetical order within organizational code, and shows each employee's gross-to-net calculation including deductions. This listing must be reviewed for accuracy, particularly to ensure changes are accurately reflected in employee net pay.

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## Overview, Continued

### Certification Process Summary (continued)

Step	Action	Description
3	<b>Other Reports Generated</b>	A variety of reports are generated either automatically or upon request. Most of these reports are used in the certification process.
4	<b>Review of Source Documents</b>	Source documents must be verified against actual changes made to CIPPS records in the data entry process to help ensure that authorized and accurate data entry has occurred. The review of source documents can be done by the payroll certifier or their designee, but must be done by someone other than the person responsible for data entry.
5	<b>Certification of the Payroll</b>	Once data entry and review of source documents and the Edit Report 10 are completed and the payroll is determined to be accurate and complete, the payroll certifier must logon to CIPPS and enter the required information to authorize the disbursement of payroll.
6	<b>Post-Certification Review</b>	On the day following certification, the certifier must review the appropriate reports to ensure; no unauthorized changes to the payroll were made after the certification information was entered into CIPPS, all transactions processed as requested, and the certified payroll amounts equal to the actual amounts processed.

### CIPPS Navigation

Certifiers need basic CIPPS navigational skills. CAPP Topic No. 50110, *CIPPS Navigation*, provides information on how to log-on to the system, access individual screens, use sub-commands, etc. In addition, certifiers are encouraged to attend Introductory CIPPS Payroll classes to help increase their knowledge of CIPPS.

### CIPPS Security

CIPPS provides an important control feature to agencies through computer security and password access. CIPPS can restrict user access to certain data entry screens. Through the security set-up process, agencies can ensure that the processors do not certify, and vice-versa. See CAPP Topic No. 50210, *User System Security*.

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### Review and Control

Certifiers must ensure the pre-certification review activities contained in CAPP Topic 50810, *Pre-Certification Activities*, are completed prior to certifying payroll. All differences between prior and current payroll edit totals must be identified and researched. Due to the nature and the volume of paperwork and source documentation that may be generated through the payroll process, a statistically valid, random sampling of the payroll information may be incorporated into the reviews conducted during the certification process. FINDS/PAT can also be used to facilitate a more thorough review (see the following section). Evidence of the review should be provided through initials or signatures, as well as the date of the review.

### Certification Entry Timing

Cutoff for all payroll certification information (entry of PYCTF) into CIPPS is 3:30 p.m. on the day the certification is entered up to and inclusive of scheduled certification deadlines. Noncompliance with this deadline may be reported in the *Report on Statewide Financial Management and Compliance*, or Quarterly Report.

## CIPPS Downloading

### CIPPS Downloading

The Financial Information Downloading System (FINDS) provides agency access to CIPPS data, by a process generally known as CIPPS downloading. Agencies can use FINDS to produce their own unique agency reports and review CIPPS data as current as the previous night's processing on a daily basis. See CAPP Topic No. 70710, *FINDS: CIPPS Downloading*.

### Payroll Audit Tool

The Payroll Audit Tool (PAT) is an automated desktop application that works in conjunction with FINDS to facilitate the review and comparison of key payroll and leave data elements. PAT reports can be used to reduce the review time for both pre-certification and the post-certification processing through use of the comparative and summary reports. PAT reports highlight differences between past and current payruns, summarize data in an easy-to-read formats, summarize deduction information, and much more. See the summary of applications in the table that follows and CAPP Topic No. 70715, *Payroll Audit Tool*, for more information.

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## CIPPS Downloading, Continued

**Payroll Audit Tool, continued** The most commonly used applications and a brief explanation of their purpose are described below:

<b>Category</b>	<b>Reports Available</b>	<b>Common Application</b>
Summary Processing	Gross Pay Totals	Provides frequency, gender, or organizational code totals of gross pay. This may be used for certification, and information for VEC reports.
	Summary Report 10	Reduces detailed Report 10 information to a summary format, highlighting major categories of the Report 10. Locating and verifying certain payroll information is facilitated through use of the summary report.
	Comparison Report 10	Compares previous Report 10 with current Report 10 information and identifies differences. Sort options include Employee ID, Employee Name, Gross Difference, or Organizational Codes. Supporting documentation should be available to justify the differences, such as P-14's, W-4's, etc. Values for imputed life are shown as a difference, which may require investigation.
	Rate/Amt & Regular Pay Comparison	Creates a comparison report that selects salaried employees not receiving EMF salary/rate in regular pay. This compares current Regular Pay to Salary/Rate and notes any variances.
	Rate Amount Change Comparison	Reports any variances in the salary rate amounts when comparing two Report 10 files.
Deduction and Special Pay	Deduction and Special Pay Listing	Reports individual employees' deduction and special pay information. Report may be scanned for abnormal or missing amounts.
	Deduction and Special Pay Comparison (Excludes Imputed Life and Direct Deposit Amounts)	Compares previous Report 10 with current Report 10 deduction and special pay information, identifies differences, such as new/terminated deductions and special pays, changes in deduction amounts, etc. Supporting documentation should be available to justify differences.
	Special Pay Listing (Excludes Imputed Life)	Reports individual employee's special pay information only. Lists the name of the special payment being received, the amount and the year-to-date amount. This listing excludes imputed life.

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## CIPPS Downloading, Continued

### Payroll Audit Tool (continued)

Category	Reports Available	Common Application
Deduction and Special Pay	Deduction Amount Comparison (Exclude Taxes)	Compares two Report 10 files and reports the salaried employees who have any changes in deduction amounts (other than Taxes).
	Tax Deduction Amount Change (Federal and State Tax)	Compares two Report 10 files and reports salaried employees who have changes in Federal and State tax amounts if Gross Earnings (less Imputed Life) remains the same.
Leave	Employees with balances less than 20 hours	Reports employees with leave balances less than 20 hours. Highlights employees who may be in danger of going into a LWOP status. Displays employee's Family/Personal, Sick, Overtime, Annual, Comp, On-Call, Recognition and Bonus Leave Balances.
Employee	Master File Changes	Compares previous employee masterfile information with current masterfile information, and reports any differences. Supporting documentation must be available to justify the differences during the pre-certification review.
	Employee Master Data	Provides a summarization of all employee masterfile information. Reports the information by a single employee number, or by selecting the whole agency. This can give a comprehensive snapshot of the information contained in an employee's masterfile record. Can select every employee or a single employee.
U033 Report	Comparison	Compares previous Report U033 with a current U033 and identifies differences. Documentation justifying the programmatic differences may need to be verified during the post-certification process.
	Budget Factor	The function allows you to project payroll expenditures by choosing the number of pay periods into question, and calculating the expenditures. Could be a useful tool in the audit process by providing projected payroll expenditures over a specified period.

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## CIPPS Downloading, Continued

### Payroll Audit Tool (continued)

Category	Reports Available	Common Application
	Compile YTD PC Database	Used to create a year-to-date file of U033 activity. U033 files are loaded into the database, and the database will be used by the YTD Report function to create a summary of the information in the database.
	Summary	Easy-to-read Report U033 summary, which highlights all categories of the Report U033, allowing for easier scanning of programmatic information.
	Year-to-Date Report	Easy-to-read report summarizing all selected U033 information. Useful in reconciling expenditure to CARS or in-house reports. Uses the Database created in the Compile YTD PC Database function. Can sort on Fund/Fund Detail, Program/Subprogram, Project Code, Cost Code.
Wage 1500 Hour	Wage 1500 Hour	Tracks hours worked by wage employees, and produces reports detailing their work history in their work year.
		<u>Wage Summary</u> – Provides a summary of wage employee's rate, hours, overtime, regular pay and overtime pay.
		<u>Monthly Totals</u> – Report of each wage employee's work hours work year-to-date (depending on "run month" selected). Totals for each month in work year.
		<u>Warning Report</u> - Report of wage employees approaching the maximum 1500 hours worked in the applicable work year. Each individual's work year depends on their start date.

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## Internal Control

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**Requirements** Accuracy and proper authorization of changes are the goal in the certification process. Agencies must have policies and procedures governing the certification process. The following are the minimum guidelines to use when developing your policies:

- The person responsible for data entry of the payroll cannot be the person responsible for certification of the payroll,
  - Assign a primary certifier and a backup in cases when the primary certifier is not available,
  - Steps should be taken to ensure that unauthorized personnel do not breach the certification security, and that security is continuously updated.
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## Contacts

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## Subject Cross References

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**References** CAPP Topic No. 50110, *CIPPS Navigation*  
CAPP Topic No. 50210, *User System Security*  
CAPP Topic No. 50810, *Pre-Certification Activities*  
CAPP Topic No. 70710, *FINDS: CIPPS Downloading*  
CAPP Topic No. 70715, *Payroll Audit Tool*

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